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United Gas
Pipe Line Company

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RSPA-98-4868-24

November 21, 1991

Dockets Unit, Room 8417
Research and Special Programs Administration
U.S. Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

Subject: Gas Gathering Line Definition [Docket No. PS-122,
Notice 1] - Proposed Rule

Dear Sir:

In response to your notice published in the Federal Register (56 FR 48505) of September 25, 1991, United Gas Pipe Line Company (UGPL) wishes to provide the following comments concerning the referenced proposed rule.

UGPL must once again take the position it has espoused on this subject--RSPA has failed to demonstrate that any safety problem exists requiring this action. Further, RSPA has failed to show any pipeline safety benefit to be gained by this rulemaking. The present definition of gathering lines has proven to be one well understood and clear cut in defining which pipelines are gathering lines. The purpose of the pipeline safety regulations are to establish minimum standards for pipeline safety. This rule to change the definition of gathering lines does not in any way improve or increase the level of safety of these pipelines.

The problem described in the background information in this NPRM has nothing to do with safety, but rather with the refusal of the state agencies or regional office inspectors to accept the present definition which has served very well for over 20 years.

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Gathering lines in rural areas present no safety problem. Gathering lines in populated areas must be designed, installed, tested, operated and maintained under **49 CFR 192** and are under DOT jurisdiction. It should also be noted that the Act (**49 USC Appx. 1671(3)**) permits the Secretary to define "**any** similar populated **area**" as non-rural if a need exists to protect public safety.

In developing its proposed definition, **UGPL** believes that **RSPA** should **have** stayed substantially closer to the definition proposed by **INGAA** and the American Petroleum Institute. That definition represented an industry consensus and was more oriented to functionality. It was, therefore, more readily identifiable with proper safety concerns of **RSPA**. We could find nothing related to enhancing the safe installation and operation of pipelines in the "**SUPPLEMENTARY INFORMATION**" to support deviating as significantly as **RSPA** did from that proposed definition and to bring into the definition the aspect of **FERC** regulatory jurisdiction, which does not seem to have any relevance to safety.

We have a significant number of miles of pipeline that are classified as gathering lines under DOT and transmission pipelines under the **FERC**. If these pipelines are excluded by this **NPRM**, these pipelines will have to be reclassified as transmission lines under DOT. There is no reason that these pipelines should be excluded from remaining classified as gathering lines under DOT. The function of the definition of gathering lines under **FERC** and DOT, serves two entirely different purposes.

The classifications made by the **FERC** are not just made regarding function, but with regard to rate impact and impact on competition. Currently the Commission has taken the position that lines owned by interstate pipelines are all jurisdictional simply because they are owned by interstate companies. The **10th** Circuit (*Northwest Pipeline Corporation v. Federal Energy Regulatory Commission*, **905 F.2d 1403 (10 cir. 1990)**) has remanded this reasoning to **FERC**, and to date, **FERC** has not responded. On the

other hand, the 8th Circuit (Northern Natural Gas Company v. FERC, 943 F.2d 1219 (8th Cir. 1991)) has upheld FERC rate-making authority over gathering lines because of the effect of unregulated rates on the "open access" policy of the Commission. It is obvious that functional classification for safety purposes under the Act is not the same test the FERC uses for rate purposes. Therefore, UGPL recommends that the exclusion for FERC jurisdictional pipelines in proposed §192.3(4)(iii) be deleted.

Under the Impact Assessment of the NPRM, RSPA states that "If there are any pipelines that are re-classified as transmission pipelines, those lines would only be subject to the operating and maintenance requirements and RSPA will assist the pipeline operator in overcoming any problems encountered in complying with those regulations" (underline added for emphasis). The fundamental requirement in the operating requirements of a pipeline is the establishment of the maximum allowable operating pressure (MAOP). In order to do this, 49 CFR 192.619 under Subpart L - Operations must be used which states, "(a) Except as provided in paragraph (c) of this section, no person may operate a segment of steel or plastic pipeline at a pressure that exceeds the lowest of the following:

- (1) The design pressure of the weakest element in the segment, determined in accordance with Subparts C and D of the part." (underline added for emphasis)

To establish the MAOP of gathering pipelines reclassified as transmission lines, the MAOP will have to be established. The only mechanism to do this is to meet the requirements in Subpart L - Operations (§192.619), which requires the weakest element be identified in accordance with Subpart C - Design and Subpart D - Design of Pipeline Components, unless RSPA writes rules for a "grandfather clause" such as the one now contained in §192.619(c). In reality, although RSPA says that the gathering pipelines reclassified as transmission lines would only be required to meet

operations and maintenance rules, the establishment of **MAOP** would involve using design regulatory requirements. Under Impact Assessment of this **NPRM** the statement "...**RSPA** will assist the pipeline operators in overcoming any problems encountered in complying with those regulation@ is not understood unless **RSPA** plans to include provisions in the final rule that will address theses problems or provide a specific "**grandfather**" exclusion.

All gathering lines that will be required to be reclassified as transmission lines as a result of the new gathering line definition proposed in the **NPRM** will be subjected to the conversion to service provisions as contained in **§192.14**. The conversion to service will require that all affected pipelines must be hydrostatically tested in accordance with Subpart J to substantiate the **MAOP** permitted by Subpart **L**, as stated above, reference Subpart **c** - Design and Subpart **D** - Design of Pipeline Components. This again raises the question on how the **MAOP** will be established because **§192.619** in Subpart **L** must be applied. The cost estimates in these comments will assume that the **MAOP** can be established by the hydrostatic tests when the conversion to service (**§192.14**) is applied to those pipelines that will have to be reclassified from gathering lines to transmission lines as a result of this **NPRM**.

Extensive conversion to service under **§192.14** is anticipated due to two significant provisions in the proposed definition. They are (1) the exclusion from the definition of gathering line any pipeline facility subject to **FERC** jurisdiction under the Natural Gas Act discussed above and (2) the gathering pipeline end point determination. With respect to the second provision of concern, the end point of a gathering line would be (1) the inlet of a gas processing plant. If there is no gas processing plant, the gathering line end point would be (2) the point of custody transfer, or (3) commingling in the production field. If this wording prevails to a final rule, the predominate end point of gathering lines will be the "**custody** transfer" which will normally

be at, or near, the **wellhead** in the absence of a gas processing plant.

Also there are no provisions concerning the dynamics of these configurations. Would the end point vary with changes upstream and/or downstream of it (i.e., new gathering lines tied in, movement of processing plants, meters, etc.)? If so, lines would have to be constantly monitored for changes which would cause reclassification.

To put the problem created by these two provisions in perspective, we will address the three specific questions posed at the bottom of the middle column of page **48509**.

Question 1

How many miles of pipelines currently classified as gathering lines would have to be reclassified as transmission lines?

Answer: Approximately **1,000** miles.

Question 2

Have these pipelines been subject of dispute between the pipeline operator and state or federal enforcement?

Answer: We are unaware of any disputes with federal or state pipeline enforcement representatives over this definition.

Question 3

RSPA also seeks comments on **any** costs associated with reclassification?

Answer: Estimated capital costs of over **\$21** million and annual operating and maintenance costs of **\$540,000**.

The **API/INGAA** proposed definition provides four very clear options by placing "**or**" between each option and would result in minimal

cost impact to the **industry**--the professed goal of this rulemaking. That recommended definition, as previously presented to **RSPA**, is as follows:

Gathering Line means one or more segments of pipeline, usually interconnected to form a network, the primary function of which is to transport gas from one or more production facilities to:

(a) the inlet of a gas processing plant (excluding straddle plants),

OR

(b) if no gas processing plant is located downstream, the most downstream of:

(1) the point of custody transfer of gas to a line which transports gas to a distribution center or a line within such a distribution center, a gas storage facility, or an industrial consumer:

OR

(2) the point of last commingling or gas from a single field or separate geographically proximate fields:

OR

(3) the outlet of a compressor station downstream of the point of last commingling described in (b) (2) if compression is required for the gas to be introduced into another pipeline.

(underline added for emphasis)

If **RSPA** does not accept this industry developed clear and functional definition, then at a minimum, **RSPA** must do the following:

1. Add a new paragraph to **§192.14** to waive the application of **§192.14(a)(4)** to gathering lines being converted to transmission as a result of this proposed rule. Implementation of the new rules should treat any conversions the way the Act treated pipelines installed prior to November 1970 for establishing a maximum allowable operation pressure (**MAOP**).

Specifically, **UGPL** recommends that the **MAOP** be established for gathering lines converted to transmission lines under the rules established in Docket No. **PS-122** as:

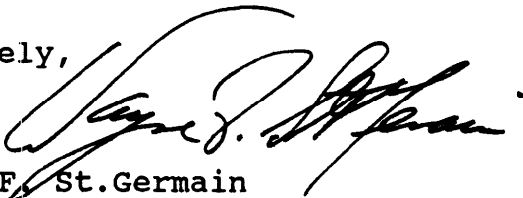
The highest actual operating pressure to which the segment was subjected during the five years preceding (the effective date of the rule) unless the segment was tested in accordance with paragraph **§192.619(a)(2)** or the segment was **uprated** in accordance with Subpart **K** of Part **192**.

2. Delete proposed **§192.3(4)(iii)** pertaining to **FERC** jurisdictional pipelines.
3. Provide a definition for @*processing plant?
4. Revise the sequence for determining the end point by reversing paragraphs (2) and (3).

Clearly, **RSPA's** proposed definition has strayed far from its **intended** purpose and would result in significant cost impact to our industry with no resulting safety benefits. **UGPL** strongly **recommends that RSPA** closely reevaluate its position and give serious consideration to the comments provided by **UGPL, INGAA** and other individual pipeline operators.

We appreciate being given this opportunity to provide comments on this very important rulemaking.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne F. St. Germain". The signature is fluid and cursive, with a large initial "W" and "S".

Wayne F. St. Germain
Sr. Pipeline Safety Analyst
Health, Safety & Environmental Compliance

WFS/wfs